

MINUTES
NORTH FORT BEND WATER AUTHORITY

June 28, 2023

The Board of Directors (the "Board") of the North Fort Bend Water Authority (the "Authority") met in regular session, open to the public, on the 28th day of June, 2023, at the offices of BGE, Inc. ("BGE"), 10777 Westheimer, 1st Floor, Lubbock Conference Room, Houston, Texas, and the roll was called of the members of the Board:

Peter Houghton	President
Robert Patton	Vice President
Dana Hollingsworth	Secretary
Robert Darden	Assistant Vice President
Bruce Fay	Assistant Secretary
Donald Abrahamson II	Assistant Secretary
Michael Rusk	Assistant Secretary

and all of the above were present in person, except Director Darden, thus constituting a quorum.

Also present in person for all or part of the meeting were Julia Frankovich, Kyle Jones, Ian Pietz, and Miriam Valdez of BGE; Taylor Watson and Stephanie Bahn of Municipal Accounts & Consulting, L.P.; Donald Wilson of Inframark, LLC; Christina Miller, Aaron Carpenter, and Justine M. Cherne of Allen Boone Humphries Robinson LLP ("ABHR"); Jeff Masek of AECOM; Jon Strange of EHRA Engineering; Charles Shumate of Lockwood, Andrews & Newnam, Inc.; Tim Erving of Ninyo & Moore; and Lawrence D. Goldberg of Woolpert Inc.

In order to provide additional public access, the Authority established Zoom teleconference and videoconference options for the Authority's consultants and members of the public to listen to the meeting and to address the Board. On the teleconference or videoconference for all or a portion of the meeting were David Oliver of ABHR; Matthew Matula of Quiddity Engineering, LLC; Michael Abshire and Mark Van Dyck of Big Oaks Municipal Utility District; Steve Haas of Cinco Municipal Utility District No. 8; Kerry Crellin of Cinco Southwest Municipal Utility District No. 4; Steve Talecki of Cornerstones Municipal Utility District; Jose Luis Fuentes Mendoza and Betty Stewart of Fort Bend County Municipal Utility District No. 2; Linda Yorlano of Fort Bend County Municipal Utility District No. 30; Craig Lewis of Fort Bend County Municipal Utility District No. 50; Jeanette Spinks of Fort Bend County Municipal Utility District No. 119; Glenn Gesoff of Grand Lakes Community Association, Inc.; Mashhood Shah of Grand Lakes Municipal Utility District No. 4; David Johnson; and additional members of the public.

COMMENTS FROM THE PUBLIC

Members of the public attending the meeting in-person or by teleconference or videoconference were provided with the opportunity to make public comments. There were no public comments.

APPROVE MINUTES

The Board considered approving the minutes of its regular meeting held on May 24, 2023. After review and discussion, Director Abrahamson moved to approve the minutes as written. Director Hollingsworth seconded the motion, which passed unanimously, except for Director Rusk who was not present.

PUBLIC COMMUNICATION, WATER CONSERVATION, AND REUSE MATTERS

Ms. Frankovich reviewed a Memorandum Regarding Water Conservation and Reuse Matters (the "Memorandum"), a copy of which is attached. Ms. Frankovich reported on planned participation in constituent events and attendance at the Association of Water Board Directors summer conference.

Ms. Frankovich reported that there were five submissions for the Authority's Spring 2023 Art Contest and the winning submissions will be announced at the Board's July 26, 2023, regular meeting.

Ms. Frankovich reported that the Authority's Communication, Conservation, and Reuse Committee ("CCR Committee") recommended that the Board authorize approval of Mighty Citizen's proposal for a videographer's creation of the Path of Water animation in the amount of \$9,000.00.

Ms. Frankovich reported that the Authority's CCR Committee recommended that the Board authorize approval of Mighty Citizen's proposal for purchasing the Authority's 2023 media package in the amount of \$7,500.00.

Ms. Frankovich reported that a page containing links dedicated to studies related to subsidence has been added to the Authority's website.

Ms. Frankovich reported that the Authority received the following awards from the Texas Chapter of the American Public Works Association: (1) the Public Works Project of the Year Award in the Small Cities/Rural Communities Category for the Authority's Grand Lakes reclaimed water distribution system project; (2) the Exceptional Performance in Journalism Award; and (3) the Sustainability Practice Award. She stated that Matt Froehlich and Whitney Milberger of BGE are attending the awards ceremony.

Ms. Frankovich reported that 68 irrigation system evaluations were completed

through the Authority's W.I.S.E. Guys Irrigation System Evaluation Program during May 2023.

Ms. Frankovich reviewed updates made to the Reuse Systems Summary Chart, a copy of which is attached to the Memorandum.

Ms. Frankovich discussed implementation of the Authority's 2023 Water Provider Conservation Program ("WPC Program"). She reported that the Authority's CCR Committee recommended that the Board authorize approval of first quarter rebate payments to the participants in the 2022 WPC Program that earned the required points necessary to receive a reduced 2023 water rate in a total amount of \$148,815.95.

Following review and discussion, Director Abrahamson moved to approve the Water Conservation and Reuse report, including:

(1) Mighty Citizen's proposal for the videographer's creation of the Path of Water animation in the amount of \$9,000.00;

(2) Mighty Citizen's proposal for purchasing the Authority's 2023 media package in the amount of \$7,500.00; and

(3) first quarter rebate payments to the participants in the 2022 WPC Program that earned the required points necessary to receive a reduced 2023 water rate in a total amount of \$148,815.95.

Director Hollingsworth seconded the motion, which passed unanimously, except for Director Rusk who was not present.

CONTRACTS

The Board concurred to defer this item.

FINANCIAL AND BOOKKEEPING MATTERS, AND CONDUCT HEARING REGARDING ANY DELINQUENT FEES AND RULE VIOLATIONS

Mr. Watson presented the bookkeeper's report, including receipts, a list of checks presented for payment, fund and wire transfers, a supplemental cash flow report, account balances, current period and year-to-date actual versus budget comparisons, and a schedule of debt service payments. A copy of the bookkeeper's report is attached. Following review and discussion, Director Hollingsworth moved to approve the bookkeeper's report as presented. Director Abrahamson seconded the motion, which passed unanimously.

OPERATION OF AUTHORITY FACILITIES

Mr. Wilson presented the operator's report and reported on the operations of the

Authority's facilities, including inspections, maintenance, repairs, joint facility expenses, and water accountability. A copy of the operator's report is attached.

Mr. Wilson reported that the Authority's Capital Planning and Design Committee ("CPD Committee") recommended that the Board approve replacing booster pump no. 4 in the amount of \$101,021.00, including freight and labor, instead of repairing the 12-year-old pump in the amount of \$49,178.00.

Following review and discussion, Director Abrahamson moved to approve the operator's report as presented, including replacing booster pump no. 4 in the amount of \$101,021.00. Director Fay seconded the motion, which passed unanimously.

REGULATORY MATTERS: SUBSIDENCE DISTRICT REGULATIONS AND PERMITTING, AND AUTHORITY'S GROUNDWATER REDUCTION PLAN ("GRP")

Mr. Jones presented the engineer's report, a copy of which is attached. Mr. Jones reported that BGE has submitted the Authority's permit renewal application to the Harris-Galveston Subsidence District. He reported that a notice for renewal of the Authority's well permit has been received from the Fort Bend Subsidence District ("FBSD").

Mr. Jones reported on matters related to the Authority's GRP, including the monthly amounts of surface water delivered and reclaimed water utilized by the Authority and well permitting matters.

Mr. Jones reported that the Authority's CPD Committee recommended that the Board deny Grand Mission Municipal Utility District No. 1's ("GM 1") request for an increase in its Daily Commitment Amount under the Authority's Water Supply Agreement with GM 1 from 900,000 GPD to 1,500,000 GPD due to the Authority's existing surface water commitment limitation from the City of Houston ("COH").

Mr. Jones reported that discussions with the engineer for the Village of Pleak and a water utility owner for Southwest Environmental Resources related to interim solutions for water supply will be discussed with the Authority's CPD Committee.

ENGINEERING MATTERS: DESIGN, CONSTRUCTION, PROJECTS, AND STUDIES

Mr. Jones reported on the status of property acquisition matters and stated that preparation of metes and bounds descriptions is focused on the Authority's Main Segments 13C and 16B. A chart summarizing the status of property acquisition matters is attached to the engineer's report.

Mr. Jones reported that the Authority's automated meter reader installation project is 71% complete. A chart summarizing the status of the project is attached to the engineer's report. Mr. Jones discussed coordination with ABHR on obtaining the

remaining necessary Right of Entry Agreements for the project.

Mr. Jones reported on the status of construction of the Authority's Main Segment 11A. He reported that Notice to Proceed is anticipated to be issued to Main Lane Industries, Ltd. when the pipe is delivered for the project at the end of July 2023.

Mr. Jones reminded the Board that a contract for the construction of the Authority's Main Segment 8B Casing Extension Project at FM 723 was awarded to T Construction, LLC in the amount of \$385,115.00, subject to execution of a supplemental Standard Utility Agreement with the Texas Department of Transportation ("TXDOT") for reimbursement of the Authority's engineering and construction costs for the extension project. He reported that Supplemental Agreement No. 1 with TXDOT is ready for the Board's execution.

Mr. Jones reported on the status of construction of the Authority's proposed 2027 surface water supply system (the "2027 System") surface water line connection for Fort Bend County Fresh Water Supply District No. 2's ("FWSD 2") water plant no. 2. He reported that BGE is coordinating with the Authority's contractor, Reddico Construction Company, Inc. to restart work on the project.

Mr. Jones reported that construction of an offset of the Authority's existing water line around a proposed storm sewer line required by Fort Bend County's planned improvements to Old Richmond Road is complete. He recommended payment of Pay Estimate No. 1 and Final submitted by JSS Construction, LLC for the project in the amount of \$30,000.00.

Mr. Jones reported on the status of the design of water lines for the 2027 System by the following design consultants: (1) IDS Engineering Group for Main Segment 13B; (2) Quiddity Engineering, LLC for Phases 1 and 2 of Main Segment 13Ci and the surface water line connection for Fort Bend County Municipal Utility District No. 229; (3) Binkley & Barfield, Inc. for Main Segments 13Cii and 13D; (4) BGE for Main Segment 18A; and (5) Carollo Engineers, Inc. for Main Segment 19. Mr. Jones stated that Notice to Proceed for the design of Main Segments 13Cii and 13D is pending access to property located at the southwest corner of FM 1093 and FM 359. He reported that BGE is preparing variance requests for Segments 18A and 19 for submission to the COH.

Mr. Jones reported that completion of work on the 2027 System Environmental Determination Form and Cultural Resources Study is deferred pending access to property located at the southwest corner of FM 1093 and FM 359.

Mr. Jones reported that BGE reviewed the Phase 1 report for the geologic fault study for the 2027 System and there is an area along Main Segment 10B that may warrant additional investigation or monitoring. He stated that Ninyo & Moore has begun work on Phase 2. He added that BGE will review all findings and any

recommendations for additional investigation with the Board upon completion of the Phase 2 study.

Mr. Jones reported on the status of a request by the developer of a commercial site for an offset to Main Segment 4B to provide clearance for a proposed drainage swale. He stated that a proposed agreement drafted by ABHR which provides for the developer's payment of the Authority's expenses for the offset has been forwarded to the developer.

Mr. Jones reported that ABHR is coordinating the distribution of notification letters to the property owners with easement encroachments throughout the Authority's existing transmission system to remind them of the conditions of the easements.

Mr. Jones reported on the status of Fort Bend County Municipal Utility District No. 58's ("FB 58") request for the future restoration of hike and bike trails inadvertently constructed on the Authority's easement in Main Segment 17B. He stated that ABHR is coordinating with FB 58's attorney and options will be discussed with FB 58's Board.

REGIONAL PLANNING MATTERS: JOINT PROJECTS AND WATER SUPPLY

Mr. Jones reported that annual evaluations of the ground storage tanks at the Bellaire Pump Station were conducted in May 2023 and no corrective action is recommended for any of the existing tanks.

Mr. Jones reported on the status of design, permitting, construction, and property acquisition, as appropriate, for the Authority's joint Surface Water Supply Project with West Harris County Regional Water Authority ("WHCRWA"), including Segment A, combined Segments B1 and B2, Segments B3, C1, and C2, the Kinder Morgan subsegments, the Segment 3 subsegments, the Repump Station, the Central Pump Station, and the three meter stations. Copies of a chart and summaries of the status of design/construction, including any contractor claims, are included in the attached engineer's report. Mr. Jones additionally reported on Dispute Review Board matters, including the Dispute Review Board's opinion issued Thursday, May 25, 2023, for the Highway 6 claim related to Segment C1.

Mr. Jones reported that WHCRWA's Board of Directors approved the Amended and Restated Joint Facilities Agreement between the Authority and WHCRWA for the Surface Water Supply Project at its June 14, 2023, regular Board meeting. Ms. Miller recommended approval of the agreement with an effective date of July 1, 2023 and an expiration date of January 1, 2080. Following review and discussion, Director Patton moved to authorize execution of the Amended and Restated Joint Facilities Agreement. Director Abrahamson seconded the motion, which passed unanimously.

Mr. Pietz reminded the Board that the Authority's and WHCRWA's consultants

met with representatives of COH regarding a significant increase in COH's draft O&M budget for the East Water Purification Plant ("EWPP") for Fiscal Year 2024 and the Authority's corresponding Fiscal Year 2024 Preliminary Water Rate of \$1.3761. He stated that BGE will provide comments and request additional information regarding a revised draft budget subsequently received from COH. Ms. Miller stated that the revised draft budget decreases the Authority's Fiscal Year 2024 EWPP Preliminary Water Rate by approximately \$0.11 which remains a significant increase over the Authority's Fiscal Year 2023 EWPP Water Rate of \$1.0149. Ms. Frankovich stated that, historically, COH has not expended the projected O&M budget for EWPP. Ms. Miller stated that, if COH's expended amounts are less than the budgeted amounts for EWPP for Fiscal Year 2024, COH will issue credits to the Authority for the difference.

Mr. Pietz updated the Board on COH's Northeast Water Purification Plant Expansion Project per its Design-Build Agreement with the Houston Waterworks Team and reviewed drone video footage of the project site. He reported on the status of construction and testing, as applicable, for the Influent Pump Station, North Plant, Central Plant, and the Balance of Plant. Status summaries are included in the attached engineer's report. Mr. Pietz stated that Phase 1 of the project will provide 80 million gallons per day ("MGD") of capacity and is currently anticipated to be completed behind schedule in August 2023. He stated that the original contract completion date for Phase 1 was February 20, 2023. He reported that Phase 2 of the project will provide 320 MGD of capacity and is anticipated to be completed in the summer of 2025.

Mr. Jones reported that the Texas Water Development Board's (the "TWDB") approval of the Engineering Feasibility Report for the 2027 System required for funding is deferred pending completion of the required Environmental Determination Form and the Cultural Resources Study for the 2027 System.

Following review and discussion, Director Abrahamson moved to approve the engineer's report as presented, including:

- (1) a written response denying GM 1's request for an increase in its Daily Commitment Amount under the Authority's Water Supply Agreement with GM 1 from 900,000 GPD to 1,500,000 GPD;
- (2) execution of Supplemental Agreement No. 1 with TXDOT for the Authority's Main Segment 8B Casing Extension Project at FM 723; and
- (3) Pay Estimate No. 1 and Final submitted by JSS Construction, LLC for an offset of the Authority's existing water line around a proposed storm sewer line required by Fort Bend County's planned improvements to Old Richmond Road in the amount of \$30,000.00.

Director Fay seconded the motion, which passed unanimously.

PARTICIPATION AS AMICUS PARTY

Ms. Miller reported that ABHR provided comments to the amicus brief to be filed with the Supreme Court in the *San Jacinto River Authority v. City of Conroe and City of Magnolia* matter.

LEGISLATIVE UPDATE

Ms. Miller reported on the status of certain proposed bills with potential impact to the Authority during the 88th Regular Session of the Texas Legislature.

FINANCING PLAN MATTERS

Ms. Miller stated that the TWDB is anticipated to provide the Financing Agreements related to the Authority's planned issuance of bonds through the TWDB's State Water Implementation Revenue Fund for Texas in July or August.

Ms. Miller reminded the Board that the Authority's Note Purchase Agreement with JPMorgan Chase Bank, N.A. is scheduled to expire on August 11, 2023.

REALTY INTEREST ACQUISITION

Ms. Miller reviewed one Water Line Easement for Parcel 18.11, and one side letter agreement for the parcel, as listed on the attached Realty Interests Chart.

Ms. Miller reviewed one Right of Entry Agreement for the Authority's automated meter reader installation project as listed on the attached chart.

Following review and discussion, Director Fay moved to authorize execution of (1) the Water Line Easement and side letter agreement; and (2) Right of Entry Agreement, as presented. Director Hollingsworth seconded the motion, which passed unanimously.

MEETING PLANNING AND SCHEDULING MATTERS

Ms. Miller reported that Ms. Milberger will provide recommendations for proposed meeting locations during the Authority's July committee meetings. The Board concurred to hold a regular meeting at 6:00 p.m. on July 26, 2023, at a location to be determined.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 6:56 p.m., pursuant to (1) Section 551.071, Texas Government Code, to seek the advice of its attorney regarding pending or contemplated litigation or to seek and receive legal advice by the Authority's attorney; and (2) Section 551.072, Texas Government Code, to discuss the purchase,

exchange, lease, or value of real property.

RECONVENE IN OPEN SESSION

At 7:01 p.m., the Board reconvened in open session. Director Patton moved to approve the estimated range of values for Parcel 13c.02, as presented. Director Abrahamson seconded the motion, which passed unanimously.

CONVENE EXECUTIVE SESSION

The Board convened in executive session at 7:02 p.m., pursuant to Section 551.071, Texas Government Code, to seek the advice of its attorney regarding pending or contemplated litigation or to seek and receive legal advice by the Authority's attorney. The Board determined that the attendance in this executive session of Mr. Jones and Mr. Pietz was necessary in order for the Board to obtain the necessary legal advice from its attorney, and the Board requested their presence in the executive session.

RECONVENE IN OPEN SESSION

At 7:31 p.m., the Board reconvened in open session. No action was taken by the Board.

There being no further business to come before the Board, the meeting was adjourned.

(SEAL)




Secretary, Board of Directors

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